

House Study Bill 680

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
AGRICULTURE BILL BY
CHAIRPERSON DRAKE)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act providing individual and corporate income tax credits for
2 the purchase and installation of coal gas conversion property
3 to be used to generate electricity and including a retroactive
4 applicability date provision.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
6 TLSB 6465HC 81
7 mg/gg/14

PAG LIN

1 1 Section 1. NEW SECTION. 422.11M COAL GAS CONVERSION TAX
1 2 CREDIT.
1 3 1. The taxes imposed under this division, less the amounts
1 4 of nonrefundable credits allowed under this division, shall be
1 5 reduced by a coal gas conversion tax credit. The amount of
1 6 the credit equals twenty-five percent of the cost of the
1 7 acquisition and installation of coal gas conversion property
1 8 by a taxpayer for the purpose of converting coal gas into
1 9 electricity. A taxpayer claiming the tax credit allowed under
1 10 this section shall not be eligible to claim a tax credit under
1 11 chapter 476C with respect to the coal gas conversion property.
1 12 2. Any credit in excess of the taxpayer's tax liability
1 13 shall be refunded. In lieu of claiming a refund, the taxpayer
1 14 may elect to have the overpayment shown on the taxpayer's
1 15 final, completed return credited to the tax liability for the
1 16 following tax year.
1 17 3. An individual may claim the tax credit allowed a
1 18 partnership, limited liability company, S corporation, estate,
1 19 or trust electing to have the income taxed directly to the
1 20 individual. The amount claimed by the individual shall be
1 21 based upon the pro rata share of the individual's earnings of
1 22 a partnership, limited liability company, S corporation,
1 23 estate, or trust.
1 24 4. A taxpayer claiming a tax credit under this section
1 25 shall not be precluded, in computing taxable income, from
1 26 using the entire cost of the purchase or installation of the
1 27 coal gas conversion property in determining the amount of
1 28 depreciation or expense deduction under any section of the
1 29 Internal Revenue Code.
1 30 5. For purposes of this section, "coal gas conversion
1 31 property" means personal property, real property, and
1 32 improvements to real property used in an operation to convert
1 33 coal gas to energy to be used to generate electricity.
1 34 Sec. 2. Section 422.33, Code Supplement 2005, is amended
1 35 by adding the following new subsection:
2 1 NEW SUBSECTION. 20. a. The taxes imposed under this
2 2 division shall be reduced by a coal gas conversion tax credit.
2 3 The amount of the credit equals twenty-five percent of the
2 4 cost of the acquisition and installation of coal gas
2 5 conversion property by a taxpayer for the purpose of
2 6 converting coal gas into electricity. A taxpayer claiming the
2 7 tax credit allowed under this subsection shall not be eligible
2 8 to claim a tax credit under chapter 476C with respect to the
2 9 coal gas conversion property.
2 10 b. Any credit in excess of the taxpayer's tax liability
2 11 shall be refunded. In lieu of claiming a refund, the taxpayer
2 12 may elect to have the overpayment shown on the taxpayer's
2 13 final, completed return credited to the tax liability for the
2 14 following tax year.
2 15 c. A taxpayer claiming a tax credit under this subsection
2 16 shall not be precluded, in computing taxable income, from

2 17 using the entire cost of the purchase or installation of the
2 18 coal gas conversion property in determining the amount of
2 19 depreciation or expense deduction under any section of the
2 20 Internal Revenue Code.

2 21 d. For purposes of this subsection, "coal gas conversion
2 22 property" means personal property, real property, and
2 23 improvements to real property used in an operation to convert
2 24 coal gas to energy to be used to generate electricity.

2 25 Sec. 3. Section 437A.6, subsection 1, Code 2005, is
2 26 amended by adding the following new paragraph:

2 27 NEW PARAGRAPH. g. Coal gas conversion property eligible
2 28 for a tax credit under section 422.11M or section 422.33,
2 29 subsection 20.

2 30 Sec. 4. RETROACTIVE APPLICABILITY DATE. This Act applies
2 31 retroactively to January 1, 2006, for tax years beginning on
2 32 or after that date.

2 33 EXPLANATION

2 34 This bill provides an income tax credit under the
2 35 individual and corporate income taxes equal to 25 percent of
3 1 the cost to a taxpayer of the acquisition and installation of
3 2 coal gas conversion property. Coal gas conversion property is
3 3 personal and real property that is used to convert coal gas
3 4 into electricity.

3 5 The bill applies retroactively to January 1, 2006, for tax
3 6 years beginning on or after that date.

3 7 LSB 6465HC 81

3 8 mg:nh/gg/14